

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

WPS Energy Services, Inc.	:	
	:	
Application for Certificate of	:	Docket No.
Service Authority under Section	:	
16-115 of the Public Utilities Act.	:	

APPLICATION

WPS Energy Services, Inc. ("WPS-ESI"), hereby requests that the Illinois Commerce Commission ("Commission") grant it a certificate of service authority, including authority to provide single billing services, pursuant to Section 16-115 of the Public Utilities Act. In support of its application, Applicant states as follows:

**General [451.20 and 451.30]**

1. WPS Energy Services, Inc. (WPS-ESI) is currently located at 1088 Springhurst Rd., Green Bay, WI 54304. Effective May 22, 2006, the address for our principal place of business shall be 1716 Lawrence Dr. DePere, WI 54115.
2. WPS-ESI is a corporation, incorporated under the State of Wisconsin Business Corporation Law, Chapter 180, and is a wholly owned subsidiary of WPS Resources Corporation.  
  
WPS-ESI's registered agent in the State of Illinois is CT Corporation System, located at 208 S. La Salle Street, Chicago, IL 60604.

Headquartered just outside of Green Bay, WPS-ESI also has regional offices in Illinois, Michigan, Ohio, Maine and Virginia. WPS-ESI has four wholly owned subsidiaries, Quest Energy, L.L.C located in Ann Arbor, Michigan, Advantage Energy, Inc. located in Buffalo, NY, Power Development, L.L.C located near Green Bay, WI, and WPS Energy Services of Canada Corp with its principal office near Green Bay, WI and satellite offices in Montreal, Quebec, Canada and Toronto, Ontario, Canada. Previously WPS-ESI marketed natural gas in the state of Ohio under the name FSG Energy Services, Inc., however this name is no longer used.

WPS-ESI's Federal Employer Identification Number is 39-1802356.

3. The following persons may be contacted regarding issues related to this application and operation as an ARES:

Issues related to processing this application:

**Name - Teresa Ringenbach**  
**Title - Regulatory Specialist**  
**Address - WPS Energy Services, Inc.**  
**Suite 1300**  
**600 Superior Ave East**  
**Cleveland, OH 44114**  
**Telephone - (216) 241-2132**  
**Facsimile - (216) 241-2133**  
**E-mail - tringen@wpsenergy.com**

Issues related to retail customers, including complaint resolution:

**Name - Mark Stiers**  
**Title - Vice President, Retail Electric**  
**Address - WPS Energy Services, Inc.**  
**3520 Green Ct.**  
**Ann Arbor, MI 48105**  
**Telephone - (734) 761-2025**  
**Facsimile - (734) 761-2140**  
**E-mail - mstiers@wpsenergy.com**

Technical issues, including scheduling of generation, transmission, and distribution,  
and issues arising from relationships with other providers of electric services:

**Name - John O'Connell**  
**Title - Director, Electric Operations**  
**Address - WPS Energy Services, Inc.**  
**1088 Springhurst Dr.**  
**Green Bay, WI 54304**  
**Telephone - (920) 617-6122**  
**Facsimile - (920) 617-6070**  
**E-mail - [joconne@wpsenergy.com](mailto:joconne@wpsenergy.com)**

**Effective May 22, 2006 this address will be:**  
**WPS Energy Services, Inc.**  
**1716 Lawrence Dr.**  
**DePere, WI 54115**

4. WPS-ESI is licensed to do business in the State of Illinois, as demonstrated in Attachment A.
5. WPS-ESI employees will **not** be installing, operating, or maintaining generation, transmission, or distribution facilities within the State of Illinois.
6. WPS-ESI was incorporated in 1994 when it began marketing natural gas supply services to customers located in Wisconsin. Since that time WPS-ESI has grown to

providing annual deliveries of approximately 298 Bcf of natural gas and over 9.3 MMWh of electricity through our marketing activities in 2005 in the United States..

7. WPS-ESI seeks authority to offer electric power and energy to supply only non-residential retail customers in the entire State of Illinois, and in addition to provide the Single Bill Option to its electric customers in the service territories of Commonwealth Edison and AmerenIP.
8. WPS-ESI will serve non-residential retail customers with annual electric consumption greater than 15,000 kwh, pursuant to Part 451 subpart C.
9. Attachment B includes a copy of the notification to each utility of the intent to serve customers in their service area.
10. WPS-ESI certifies that it:
  - a) will comply with all applicable Federal, State, regional and industry rules, practices, policies, procedures and tariffs for the use, operation, maintenance, safety, integrity, and reliability of the interconnected electric transmission system including the Open Access Same-time Information System (OASIS) mandated by 18 CFR 37 and the rules and operating guidelines and procedures of the regional or national electric reliability council(s) or organization(s) and their successors for any portion of the state in which the applicant is certified to provide retail electric service and shall agree to submit good faith schedules of transmission and energy in accordance with applicable tariffs.;

- b) will provide service only to retail customers that are eligible to take delivery services;
- c) will comply with informational and reporting requirements that the Commission may by rule establish;
- d) The applicant shall certify that it will comply with informational and reporting requirements that the Commission may establish regarding the provision of information required by Section 16-112 of the Act [220 ILCS 5/16-112]. Any data related to contracts for the purchase and sale of electric power and energy shall be made available for review by the Staff of the Commission on a confidential and proprietary basis and only to the extent and for the purposes that the Commission determines are reasonably necessary in order to carry out the purposes of this Act;
- e) complies with all other applicable laws and regulations and Commission rules and orders; and
- f) complies with all terms and conditions required by Sections 115A(a), (b), and (f), 16-119, 16-123, 16-125(b) and (c), 16-127, and 16-128(a) of the Act, to the extent those Sections have application to the services being offered by WPS-ESI.

11. WPS-ESI agrees to submit good faith schedules of transmission and energy in accordance with applicable tariffs.

12. WPS-ESI agrees to adopt and follow rules and procedures ensuring that

authorizations received from customers, customer billing records, and requests for delivery service transmitted to utilities are retained for a period of not less than two calendar years after the calendar year in which they were created. These records shall be made available by request to the Commission or its Staff on a confidential and proprietary basis, as necessary to carry out the Commission's obligations under the Act.

13. WPS-ESI agrees to adopt and follow rules and procedures to preserve the confidentiality of the customer's data.
14. WPS-ESI does currently have authority from the Commission to be an ARES. This authority was granted pursuant to docket 05-0319\_and became effective as of July 6, 2005, but did not include authority to provide single billing services which is pursued by applicant in this application.

### **Reciprocity**

15. The following companies are affiliates of WPS-ESI involved in electric retail sales or purchases in the North American continent.

#### **Regulated Affiliates**

##### ***Wisconsin Public Service Corporation (WPSC)***

700 North Adams  
P.O Box 19001  
Green Bay, WI 54307-9001

##### ***Upper Peninsula Power Company (UPPCO)***

600 Lakeshore Drive  
P.O. Box 130  
Houghton, MI 49931

#### **Non-regulated Affiliates**

**WPS Energy Services of Canada Corp.**  
1088 Springhurst Dr.  
Green Bay, WI 54304  
*Effective May 22, 2006 the address will be:*  
**1716 Lawrence Dr.**  
**DePere, WI 54115**

**Advantage Energy, Inc.**  
3556 Lake Shore Rd., Ste 120  
Buffalo, NY 14219

**Quest Energy, L.L.C**  
3520 Green Ct., Ste 200  
Ann Arbor, MI 48105

16. WPS-ESI certifies that it complies with Section 16-115(d)(5) of the Act [220 ILCS5/16-115(d)(5)], and that it will remain in compliance with such requirements and will annually certify such compliance to the Commission during January of each year after its certification. A demonstration that Applicant is in compliance with Section 16-115(d)(5) of the Act is set forth in Attachment C.

#### **License or Permit Bond**

17. As demonstrated in Attachment D, WPS-ESI provides a license or permit bond in the name of the People of the State of Illinois issued by a qualifying surety or insurance company authorized to transact business in the State of Illinois for \$150,000, as required by Part 451.50(a) for service to nonresidential retail customers with annual electrical consumption greater than 15,000 kWh. The original license or permit bond, issued May 13, 2005, is on file with our current

ARES certification. We ask that that permit bond be transferred to this certification request. We will provide a Continuation Certificate prior to May 13, 2006 which will extend its terms for another twelve month period. Included in Attachment D is proof that the surety meets the definition of “qualifying surety” as set forth in Part 451.10 as the surety is authorized by the U.S. Department of Treasury pursuant to 31 USC 9305.

#### **Section 451.210 General Qualifications**

18. Applicant shall certify compliance with all terms and conditions required by Section 16-115A(c) of the Act [220 ILCS 5/16-115A(c)].

#### **Financial Qualifications [451.220]**

19. Applicant meets the financial criteria set forth in Part 451.220(a)(2) as demonstrated in Attachment E. The Applicant maintains a borrowing agreement with an affiliate, WPS Resources Corporation in the amount of \$200 million. WPS Resources Corporation is rated A by Standard and Poors and rated A1 by Moody’s Investor Service.

The following documentation is included in Attachment E for your review:

- i) The ratings agency reports that present the ratings of the affiliate with which the applicant maintains the borrowing agreement showing that ratings



of the affiliate meet the requirements of higher than BBB by Standard and Poors and higher than Baa3 by Moody's Investors Service;

ii) The borrowing agreement, valid for more than one year, in the amount of \$200 million, which is greater than 7.5% of WPS-ESI's electric segment revenue for 2005;

iii) The applicant's certified financial statements of WPS Resources Corporation in the form of its 2005 10-K identifies that WPS ESI's electric segment revenue for 2005 was \$763,000,000 on page 17. .

iv) The accountant's report for WPS Resources Corporation financial statements appear on page 161 of the 10-K.

20. WPS-ESI **will not** provide electric power and energy that it generates with property, plant or equipment that it owns, controls or operates.

**Technical Qualifications [451.230]**

21. WPS-ESI **will not** use electric generation, transmission or distribution facilities that it owns, controls or operates in serving customers.

(i) WPS-ESI It meets the technical capability requirements of Section 451.230

Subpart C, as demonstrated in Attachment F, as we have

- electric sales staff with over two years experience (see Scott Slisher, Dean Naillon, Bill Boerschinger, and Matt Manley)
- greater than two years of electric system operational experience (see John O'Connell, Scott Slisher, Bill Boerschinger, Brian Miles)
- greater than three months experience with OASIS reservation processes (see Brian Miles),
- greater than three months experience with NERC or its successor tagging processes, (see Brian Miles)
- and greater than one year experience with the rules and practices established by NERC and MAIN and MAPP (see Marc Hess, Bill Boerschinger, Mark Stiers)

(ii) In addition WPS-ESI owns, maintains and operates a twenty four (24) hour energy desk for coordination with control centers of scheduling changes, reserve implementation, curtailment orders, and interruption plan implementation with control centers.

(iii) The energy desk is located at 1088 Springhurst Dr., Green Bay, WI 54304 and can be reached at all times by calling:

(920) 617- 1111

(920) 617 – 6175–facsimile

energydesk@wpsenergy.com – energy desk e-mail

The location of the energy desk will move with the entire headquartered operations to 1711 Lawrence, DePere, WI 54115 effective May 22, 2006. All telephone numbers, facsimile numbers and e-mail addresses will remain the same.

WPS ESI agrees to maintain this energy desk for so long as it serves electric customers. Currently the energy desk schedules 3,600,000 MWH of retail electric load in Michigan, 1,500,000 MWH of retail electric load in Maine, and 750,000 MWH of electric retail load in Ohio.

(iv) Attachment F contains the occupational background of each of the individuals referenced above that meet the requirements of this Section.

**Managerial Qualifications** [451.240]

22. WPS-ESI meets the managerial qualifications set forth in 83 Ill. Adm. Code 451.240 subpart C as demonstrated by the personnel background information provided in Attachment F, which indicates that Mark Stiers, Vice President Retail Electric has more than four (4) years experience in a management position with enterprise financial and administration responsibilities including profit and loss responsibilities, as well as the background of other key personnel, including John

O'Connell, Director of Electric Operations with over ten years of management experience and Scott Slisher, Managing Director of Sales with eight years of sales experience, four years of management experience, and five years of operations experience.

Attachment G contains a corporate leadership chart indicating the individuals who are being used to meet the requirements of Part 451.230 Subpart C.

WPS-ESI is not relying on one or more agents or contractors to meet the technical or managerial requirements of Part 451.230 and 451.240.

**Financial Qualifications for Single Billing Service [Subpart F 451.500-451.510]**

23. WPS-ESI **does** intend to provide single billing services in the service territories of Commonwealth Edison and AmerenIP.

WPS-ESI demonstrates an ability to establish and maintain sufficient financial resources to satisfy the obligation to remit to utilities monies that the ARES collects under single billing tariffs adopted pursuant to Section 16-118(b) of the Act [220 ILCS 5/16-118(b)] by satisfying the requirements of Part 451.510 subpart (b) as follows: The applicant shall deliver irrevocable letters of credit issued by U.S. Bank in favor of Commonwealth Edison and Ameren individually for \$ 315,360.00 each,

which is an amount equal to 15% of a good faith estimate of the total amount that the applicant expects to be obliged to pay to each utility under the single billing tariffs adopted pursuant to Section 16-118(b) of the Act during the next twelve months. The table below supports the calculation of the good faith estimate:


Projected Load			Projected MWhrs	60%			
<u>MW</u>	<u>DAYS</u>	<u>HOURS</u>	<u>TOTAL</u>	<u>LOAD FACTOR</u>	<u>EST PRICE</u>	<u>GOOD FAITH ESTIMATE</u>	<u>15%</u>
40	365	24	350,400	210,240	\$10	\$2,102,400	\$315,360.00

The letters of credit shall be valid for a period of not less than one year and a copy of the form of letter of credit is attached hereto as Attachment H. U.S. Bank is a financial institution with a long-term obligation rating of Aa2 by Moody's and AA- by Standard and Poor's as evidenced by a copy of the ratings reports attached hereto as part of Attachment H.

WHEREFORE, Applicant requests that the Commission grant its application for service authority to serve retail customers with maximum electrical demands of one megawatt or more in the entire State of Illinois.

Respectfully submitted,

WPS Energy Services, Inc.

By: 

Teresa Ringenbach

Regulatory Specialist

A handwritten signature in black ink that reads "Kirsten Young". The signature is written in a cursive, flowing style.

By: \_\_\_\_\_  
Attorney

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